

## Message Text

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70

ACTION ARA-20

INFO OCT-01 ISO-00 INRE-00 DRC-01 SSO-00 USIE-00 AGR-20

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INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 PRS-01

SP-03 FEA-02 OMB-01 SWF-02 FPC-01 SCI-06 NSCE-00 /167 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 3572

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E.O. 11652: N/A

TAGS: EMIN, PGOV, PFOR, ENRG, ELAB, VE

SUBJECT: PRESIDENT PEREZ' MAY DAY MESSAGE

1. PRESIDENT CARLOS ANDRES PEREZ' MAY DAY SPECIAL MESSAGE ON ECONOMIC AND SOCIAL MATTERS, DELIVERED APRIL 29, WAS HIGHLY NATIONALISTIC, STATIST, ANTI-FOREIGN CAPITAL, AND REVOLUTIONARY IN THE SENSE THAT HE PROCLAIMED HIS AIM TO RESTRUCTURE VENEZUELAN ECONOMY.

2. ANNOUNCEMENT THAT WILL HAVE GREATEST EFFECT ON US INTERESTS WAS DECISION TO RECOVER NOW IRON CONCESSIONS THAT IN NORMAL COURSE OF EVENTS WOULD NOT HAVE REVERTED TO VENEZUELAN STATE UNTIL YEAR 2000. PRESIDENT PEREZ DID NOT GIVE DETAILS ON THIS PROPOSAL BUT SAID HE WOULD ESTABLISH A NATIONAL STEEL COUNCIL WHICH WOULD HAVE EXTRAORDINARY POWER TO RECOVER FOR STATE EXPLOITATION OF MINERALS.

3. ALMOST EQUALLY DAMAGING TO U.S. BUSINESS INTERESTS, ADMITTEDLY OF LESS ECONOMIC VALUE, WAS PRESIDENT PEREZ' ANNOUNCEMENT OF MEASURES TO IMPLEMENT DECISION 24 OF ANDEAN PACT. HE SAID THAT UNDER A DECREE PUBLISHED IN REVERSION AND PETROLEUM REVERSION (PLANS FOR WHICH NOT MODIFIED IN THIS SPEECH) PRESIDENT PEREZ ANNOUNCED THAT HE WILL ORDER CANCELLATION OF CONTRACTS PROVIDING FOR TWO NEW ALUMINUM PLANTS, WHICH ALLOW FOR ONLY 25 PERCENT PARTICIPATION BY VENEZUELAN STATE. HE ALSO SAID HE

WILL ORDER REVISION OF A GOLD MINING CONTRACT WITH GERMAN FIRM (GOLD MINES OF CALLAO) BECAUSE" ... THESE MINES BELONG TO

VENEZUELAN MINERS BY RIGHT OF SUFFERING."

5. REMAINDER OF PRESIDENT PEREZ' SPEECH WAS DEVOTED TO WHOLE SERIES OF DOMESTIC MEASURES WHICH ARE BROADLY POPULIST IN CHARACTER AND AIMED AT IMPROVING LOT OF POOR CLASSES AND NARROWING INCOME DISTRIBUTION GAP. THESE INCLUDE: (1) MINIMUM WAGE DECREE; (2) WAGE AND SALARY INCREASES FOR PRIVATE AND PUBLIC SECTORS RANGING FROM 5 TO 25 PERCENT; (3) FISCAL REFORM; (4) USURY DECREE LIMITING INTEREST RATES TO 12 PERCENT; (5) FREE MILK FOR PREGNANT MOTHERS AND YOUNG CHILDREN; (6) PROJECT FOR "REMISSION, RECONVERSION, AND CONSOLIDATION OF AGRICULTURAL DEBTS;" (7) REFORM OF PUBLIC ADMINISTRATION; (8) TRIPARTITE COMMISSION (LABOR, MANAGEMENT AND GOVERNMENT) TO CONTROL EFFECT OF TECHNOLOGY ON EMPLOYMENT; (9) ANTI-MONOPOLY AND CONSUMER PROTECTION LAW; (10) LAW TO PROVIDE FOR OPTIMUM UTILIZATION OF LAND; (11) FULL EMPLOYMENT POLICY BACKED BY GOVERNMENT INCENTIVES AND REQUIREMENTS; (12) MORATORIUM ON DISMISSING EMPLOYEES FOR A PERIOD OF 180 DAYS; (13) GOVERNMENT SALE OF CERTAIN BASIC COMMODITIES THROUGH STORES IN BARRIOS; (14) REDUCTION OF PROFIT MARGINS FOR PRODUCERS AND DISTRIBUTORS; (15) CONTINUATION OF PRICE REGULATION ON TRANSITORY BASIS; (16) REDUCTION OF WATER AND ELECTRICITY RATES FOR POOR AND CORRESPONDING LIMITED OFFICIAL USE

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INCREASES FOR WEALTHY; (17) TRUTH IN LENDING PROVISIONS; (18) FREEZING OF HOSPITAL, CLINIC AND MEDICINE PRICES, AS WELL AS SOME PRICE REDUCTION; AND (19) OWNERSHIP OF TAXIS BY THEIR DRIVERS, FINANCED BY SMALL BUSINESS LOANS.

6. PRESIDENT PEREZ SAID THAT HIS GLOBAL STRATEGY BY ALL OF THESE MEASURES WAS TO ... INCREASE PURCHASING POWER OF MASSES AND TO DISTRIBUTE IN A RATIONAL AND JUST MANNER INCOME OF COUNTRY." HE ALSO REFERRED TO "UNPRECEDENTED" RESOURCES FLOWING INTO COUNTRY FROM HIGHER OIL PRICES WHICH MAKE POSSIBLE SUCH ACTIONS.

7. PRESIDENT PEREZ SAID THAT IT WAS ESSENTIAL TO PROCEED IMMEDIATELY WITH THESE ACTIONS, OTHERWISE INTEGRAL  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IRON, ECONOMIC DEVELOPMENT, GOLD, WAGES, MINING INDUSTRY, SPEECHES, PROGRAMS (PROJECTS), ECONOMIC PROGRAMS  
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**TAGS:** EMIN, PGOV, PFOR, ENRG, ELAB, VE, US, (PEREZ, CARLOS ANDRES)  
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**Type:** TE  
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